

Committee: Education, Energy, and the Environment
Testimony on: HB1214 “Residential Retail Electricity – Green Power – Renewable Energy Credits and Marketing Claims”

Position: Support

Hearing Date: March 30, 2023

The Maryland Sierra Club, the Maryland League of Conservation Voters, and the other organizations listed below urge a favorable report on HB1214.

This bill requires a greater degree of transparency by those Maryland electricity suppliers who represent in their marketing materials that their electricity is “green.”¹ These suppliers will be required to disclose that they are offering to provide “electricity that is paired with renewable energy credits (‘RECs’) in an amount sufficient to match the percent of ‘green power’ in [the customer’s] contract.”

Maryland’s Renewable Portfolio Standard (“RPS”) requires Maryland retail electricity suppliers to purchase a minimum number of RECs each year from among the eligible categories of renewable electricity generators. In this manner, the RPS is intended to provide financial support to growing the renewable energy industry. A REC constitutes a financial attribute owing to the generation of one megawatt-hour of electricity by an eligible renewable energy source.

The qualified RPS energy sources include clean sources that do not have greenhouse gas emissions – solar, wind, geothermal, ocean tidal energy, and hydroelectric. However, the RPS also includes several that do produce greenhouse gas pollution (e.g., trash incineration). The RPS defines the requisite minimum number of RECs in terms of a percentage of the supplier’s energy sales. That percentage currently is slightly above a third, and will rise to 52.5% in 2030.

Under Maryland’s deregulated electricity supplier system, residential customers may purchase their electricity from among any one of a large number of retail suppliers. This may be their local utility or a private company registered to sell electricity in the State. As in any free market system, suppliers may make a variety of assertions about their electricity when marketing their product.

One representation that suppliers can and do make is that their electricity is “green,” “100% wind,” “100% solar,” “carbon-free,” or the like. This is attractive to customers in Maryland who are concerned about the climate crisis and want to support forms of electricity generation that do not emit greenhouse gases. Maryland law, however, does not explain or define these terms. As a result, suppliers’ use of these terms may be ambiguous, unclear, or otherwise difficult for customers to understand.

¹ Specifically, the standard will apply if and when suppliers represent that their “energy sources or renewable energy credits . . . are . . . green, eco-friendly, environmentally friendly or responsible, carbon-free, renewable, 100% renewable, 100% wind, 100% hydro, 100% solar, 100% emission-free, or [make] similar claims.”

This legislation adds a degree of transparency by requiring that these retail electricity suppliers inform potential customers that the supplier is purchasing RECs.

We urge a favorable report on this bill.

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